

NV Energy FERC Order 1000 Filing Overview



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Transmission Provider Requirements

- Participation in a regional transmission planning process that satisfies the principles outlined in Order No. 890 and results in a regional transmission plan.
- Planning processes that explicitly provide for consideration of public policy requirements.
- Non-incumbent developers must have opportunities comparable to that of incumbent developers.
- A regional cost allocation method for new transmission facilities that meets the cost allocation principles in Order No. 1000 must be developed. Those principles are:
 - Allocated costs must be roughly commensurate with estimated benefits.
 - Costs cannot be involuntarily allocated to parties that do not benefit from the project(s).
 - A benefit to cost ratio of greater than 1.25 cannot be used without justification and Commission approval.

Transmission Provider Requirements – cont.

- Costs cannot be allocated outside a region unless agreed upon by the other region.
- Allocation methods and identification of beneficiaries must be transparent.
- Different allocation methods may be used for different types of projects.
- Each pair of neighboring regions is required to coordinate in order to determine if there are more efficient or cost-effective solutions to the transmission needs of the two regions. The regions are also required to develop information sharing processes and procedures to jointly evaluate projects proposed to be located in both regions.
- Each transmission provider must amend its OATT to incorporate the processes and methods developed to comply with Order No. 1000.

NV Energy FERC Order 1000 Planning Region

- Member of WestConnect
- NVE will continue SWAT and SSPG participation
- Jurisdictional members:
 - Arizona Public Service Company
 - Black Hills Corporation
 - El Paso Electric Company
 - Nevada Power Company
 - Sierra Pacific Power Company
 - Public Service Company of Colorado
 - Public Service Company of New Mexico
 - Tucson Electric Power Company
 - UNS Electric, Inc.



Implementation and Stakeholder Participation

- **Six strike teams**
 - Governance
 - Communication
 - Planning
 - Cost Allocation
 - Compliance
 - Legal & Negotiating
- **Held Six Regional Stakeholder Input Meetings**
- **All materials posted:**

http://www.westconnect.com/planning_order_1000_stakeholder_process.php.

Governance, Enrollment, and Voting

- Planning Management Committee (“PMC”) will administer transmission planning and cost allocation
- Comprised of five membership sectors:
 - (1) Transmission Owners with Load Serving Obligations;
 - (2) Transmission Customers;
 - (3) Independent Transmission Developers and Operators;
 - (4) State Regulatory Commissions; and
 - (5) Key Interest Groups

Governance, Enrollment, and Voting – Cont.

- Voting:
 - Within each sector, an affirmative vote of at least 75 percent of the sector's members is required to approve a proposal
 - Among the five sectors, a simple majority of sectors must approve a proposal
 - One of the approving sectors must be the Transmission Owners with Load Serving Obligations sector
 - If the four sectors other than the Transmission Owners with Load Serving Obligation sector approve a proposal, then only 67% of the Transmission Owners with Load Serving Obligation sector must approve the motion.
 - Active participation required to retain voting rights

Regional Planning Process

- Transmission planning process is to identify regional needs and to determine the most efficient or cost effective solutions for those regional needs
- WestConnect will run base cases using power flow, Stability, and Short circuit to test reliability
- If there is a WECC Board-approved recommendation to evaluate a regional area of concern, or if a regional scenario is approved for study by the WestConnect PMC, highly utilized and congested paths will be subject to investigation in the planning process through a production cost model analysis
- Non-transmission alternatives will also be considered
- Upon completion of the studies and stakeholder input, the WestConnect PMC will vote to approve the Regional Transmission Plan, which will explain why projects were either included or not included in the plan.

Satisfaction of FERC'S Nine Planning Principles

- Coordination
- Openness
- Transparency
- Information Exchange
- Comparability
- Dispute Resolution
- Regional Participation
- Cost Allocation for New Projects

Public Policy Considerations

- Among the various alternative solutions to be analyzed during each biennial regional planning process are those projects that have the potential to aid in meeting transmission needs driven by public policy requirements.
- Public policy requirements are those requirements enacted by state or federal laws or regulations, including those laws enacted by local governmental entities, such as a municipality or county.
- PMC will review enacted public policy requirements and determine which transmission needs will be included in the modeling for that cycle.
- Public policy requirements will also be considered as part of the local transmission planning processes

Project Submission

Project proponents shall:

- provide a flat submittal fee payment of \$25,000;
- identify a specific regional need that the project is intended to address
- provide a project description that includes: (a) a scope; (b) points of interconnection to existing system or facilities under construction; (c) voltage; (d) alternating current/direct current; (e) circuit configuration; (f) impedance information; and (g) approximate circuit mileage;
- specify any special facilities required for the project;
- diagram the geographical location and preferred project route;
- provide an estimate of total project costs;
- provide any additional independent studies that may aid in the evaluation of the project;
- provide a status within the WECC path rating process and any WECC studies conducted for the project proponent;
- provide the necessary change files (e.g., .epcl, .epc, idevs, or python scripts);
- provide the plan for post construction maintenance and operation of the facilities; and
- provide a projected in-service date.

Cost Allocation

Cost allocation satisfies the six cost allocation principles:

- (1) allocating costs in a way that is roughly commensurate with benefits
- (2) ensuring that there is no involuntary allocation of costs to non-beneficiaries
- (3) using a cost threshold that is not so high (e.g. greater than 1.25 benefit to cost ratio) that transmission facilities with significant positive net benefits are excluded from cost allocation
- (4) allocating costs solely within transmission planning region(s) unless those outside voluntarily assume costs
- (5) providing a transparent method for determining benefits and beneficiaries
- (6) allowing different cost allocation methodologies to be utilized for different types of facilities.

Cost Allocation

Submitted projects will be eligible for cost allocation consideration if they address a Reliability, Economic, or Public Policy objective in a more efficient or cost effective manner

- Reliability project must meet a NERC TPL reliability need more cost-effective than the costs that would have otherwise been incurred in order to meet the NERC TPL standards
- For economic projects to be eligible for cost allocation a project must provide for more economic operation of the system and demonstrate the benefit to cost ratio greater than 1.0 for each reasonable scenario evaluated and have an average ratio of at least 1.25 for all scenarios evaluated
- Public Policy projects are eligible for cost allocation if they are demonstrated to satisfy a public policy requirement that is not proposed through a transmission owners' local planning process. The costs of these projects shall be shared among the entities that will access the resources enabled by the project
- A project may address a combination of Reliability, Economic and/or Public Policy objectives

Right of First Refusal

N/A

Inter Regional Planning – Next Steps

First Inter-regional Coordination Team meeting with Columbia Grid, California ISO, Northern Tier and WestConnect was October 1st, next meeting October 19th. First stakeholder meeting November 7th in Seattle

Draft Principles

- Strive for a single agreement in terms of conceptual tariff language
- Regular coordination between regions with a transparent stakeholder process
- Fair and joint evaluation of interregional projects to meet regional needs
- Leverage off of Order 1000 compliant regional processes
- Transparency in sharing data
- Keep the process simple and doable

Established Two Inter-regional Work Groups

- Planning Process
- Cost Allocation

Questions

